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**OGC HAS REVIEWED.**

Executive for Administration and Management

5 August 1948

Chief, Budget and Finance Branch.      STATSPEC

Mess facilities proposed for the [REDACTED]

1. Prior to the issuance of the memorandum of 11 June 1948 by the Assistant Director of Operations, the Budget and Finance Branch had given careful consideration to the propriety of hiring a mess attendant at the [REDACTED]. An examination of the pertinent laws and decisions, including those referred to in Mr. [REDACTED] memorandum of 30 July 1948, was made during the course of arriving at a determination that the "mess attendant" hired by [REDACTED] should be separated from the rolls. STATSPEC STATSPEC STATSPEC

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2. It is the opinion of this office that it would not be appropriate for this Agency to sponsor the operation of a "mess" to the extent that appropriated funds would, in any manner, be used for the purpose of subsidizing the mess facilities. The conclusion that, instead of a Government operated mess, efforts should be made to continue to operate a mess on a community cooperative basis has been arrived at after considering the following facts and circumstances:

a. In order to conform fully with pertinent laws and regulations and to preclude possibility of an exception to any payments or adverse criticisms of Agency policies, it would be necessary to charge the employee participants a sufficient amount to offset any direct charges to CIA funds.

b. It would appear that the "reasonable", "fair" or "actual" cash value of the services and subsistence items which would be furnished by the Government under an Agency sponsored mess would be the actual, direct costs of all items occasioning an immediate charge to CIA funds since such items or services (as distinguished from equipment which is now on hand and being used without charge) would not have any continuing value, i.e., all services would be used and paid for currently, and items of subsistence would be of a "perishable" nature for the purposes herein involved.

c. The matter of sponsoring mess facilities for the benefit of a minimum number of participants (stated to be approximately 6 or 8 in number) would be impracticable ----- and the only feasible method of handling an Agency sponsored mess would be to make mandatory participation in certain cases to the extent that a reasonable proportion of the employees and/or their families would be participating members.

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d. It would appear that a community cooperative mess could be as advantageously controlled by the employees as a mess operated under the circumstances outlined under subparagraph 2c above, particularly if a local arrangement could be made whereby a cooperative purchasing system was instituted which would not occasion any direct charges to Agency funds or require administrative control on the part of Agency officials.

e. The station has, for several years in the past, been operating on a community rather than a Government sponsored basis insofar as mess and related facilities are concerned, and while it is realized that the reduction in the number of employees creates a greater problem in this respect, it should be borne in mind that this is primarily a matter for handling by the individuals on a personal basis rather than being controlled by the Agency since the employees are being paid a 25% differential in addition to base pay (or salary increases have been granted in lieu of the 25% differential) to offset additional living costs and hardships occasioned by the fact that they are employed outside the continental limits of the United States.

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f. It should also be borne in mind that within a few months the station will be moved to [REDACTED] where the situation will be somewhat different. [REDACTED] it appears probable that the employees will be able to participate in the Army mess at a nominal cost and additional allowances, subject to the provisions of Bureau of the Budget Circular A-8, will prevail rather than the 25% differential. It is considered impracticable to attempt to establish Government operated or sponsored mess facilities for this period of time since it will require a detailed analysis and maintenance of statistical and accounting records, additional payroll adjustments and/or collections from the participants, and will further entail inspections and reports on the part of the appropriate Washington officials.

3. If it should be determined that mess facilities are to be sponsored by the Agency, it is the feeling that full collection should be made for all direct charges (it is to be noted that the employees are now utilizing equipment and housing facilities in connection with mess operations without charge) and that such collections should be effected by payroll deductions as required by the General Accounting Office (Refer to C. G. 8:628). It would, of course, be necessary, at periodic intervals, to perform an audit of supporting books and records and to require adjustments based on the

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actual cost of operation as prorated among participating employees. This figure would be considerably greater than those suggested by [REDACTED] under the alternative plans set forth in his memorandum of 28 June 1948 to [REDACTED]

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cc: Memo. for AAM  
Fiscal

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